

## Message Text

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ORIGIN NEA-09

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DRAFTED BY NEA/INS:RDLORTON:RDL

APPROVED BY NEA:ADUBS

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FM SECSTATE WASHDC

TO AMEMBASSY KATHMANDU

INFO AMEMBASSY NEW DELHI

C O N F I D E N T I A L STATE 097098

E.O. 11652: GDS

TAGS:PFOR, NP, IN, SK, US

SUBJECT:AMBASSADOR KHANAL'S MEETING WITH DEPUTY  
ASSISTANT SECRETARY DUBS

1. DURING APRIL 25 CALL ON NEA DEPUTY ASSISTANT SECRETARY  
DUBS, NEPALESE AMBASSADOR YADU NATH KHANAL COMMENTED ON  
U.S.-NEPAL RELATIONS AND NEPAL'S DIFFICULTIES WITH INDIA.  
LORTON SAT IN.

2. KHANAL EXPRESSED APPRECIATION FOR U.S. UNDERSTANDING OF  
NEPAL AND SAID HE THOUGHT U.S.-NEPAL RELATIONS WERE "JUST  
RIGHT." HE ADDED THAT NEPAL WANTED NEITHER AMERICAN  
OVERINVOLVEMENT NOR INDIFFERENCE. DUBS EXPRESSED U.S.  
SATISFACTION WITH RELATIONSHIP AND REAFFIRMED U.S. SUPPORT  
FOR NEPALESE INDEPENDENCE AND SOVEREIGNTY.

3. KHANAL COMMENTED ON NEPALESE NERVOUSNESS OVER EVENTS  
IN SIKKIM WHILE NOTING NEPAL COULD DO LITTLE TO INFLUENCE  
THEM. HE FELT THIS ANXIETY SHOULD BE UNDERSTANDABLE EVEN  
THOUGH INDIA HAD TOLD NEPAL THAT WHAT HAPPENED IN SIKKIM  
WOULD NOT HAPPEN THERE. HE SAID HE HAD POINTED OUT TO  
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INDIAN AMBASSADOR KAUL THAT NEPAL HAD BEEN SIMILARLY

NERVOUS OVER DEVELOPMENTS IN TIBET DURING THE 1950'S. HE AGREED WITH DUBS' ASSESSMENT THAT THE GON'S

REACTION TO RECENT DEVELOPMENTS IN SIKKIM HAD BEEN MUTED. BOTH KHANAL AND DUBS SAW SIKKIM CASEASDIFFERENT FROM THAT OF NEPAL , WITH DUBS NOTING NEPAL'S TRADITIONAL INDEPENDENCE AND ITS PRESENT PARTICIPATION IN THE UNITED NATIONS AND INTERNATIONAL DIPLOMATIC ACTIVITY.

4. KHANAL IDENTIFIED NEPALESE ECONOMIC RELATIONS WITH INDIA AS MAJOR PROBLEM FACING NEPAL. THOUGH INDIA SAID ITS NEW POLICY OF CHARGING INTERNATIONAL PRICES ON GOODS SUPPLIEDTO NEPAL WAS NOT RELATED TO NEPAL'S REACTION TO SIKKIM LAST FALL, KHANAL NOTED BOTH HAD OCCURRED AT THE SAME TIME. HE ESTIMATED EXTRA COST TO NEPAL AT RS. 2 CRORES AND SAID NEW PRICING POLICY WAS NOT IN KEEPING WITH TRADITIONAL TRADE PRACTICES. WHILE HE THOUGHT RELATIONS WITH INDIA WERE BETTER NOW, HE CITED 1976 RENEGOTIATION OF TRADE AND TRANSIT TREATY AS UPCOMING DIFFICULTY.

5. KHANAL SAID NEPAL WANTED GOOD RELATIONS BETWEEN INDIA AND THE U.S. AND DECLARED NEPAL HAD NO INTEREST IN ATTEMPTING TO PLAY CHINA OFF AGAINST INDIA. DUBS REPLIED THAT WE WANTED TO CONTINUE EFFORTS TODEVELOP MATURE RELATIONSHIP WITH INDIA BASED ON MUTUAL RESTRAINT AND CONFINING DISCUSSION OF OUR DIFFERENCES, AS MUCH AS POSSIBLE, TO GOVERNMENT-TO-GOVERNMENT CHANNELSAND AVOIDING PUBLIC POLEMICS.HE ADDEDTHIS WAS A TWO-WAY STREET,HOWEVER,AND AGREED WITH KHANAL IT WAS DIFFICULT TO UNDERSTAND WHY INDIAN REACTIONSTO OUR EFFORTS HAD FREQUENTLY BEEN SO NEGATIVE. KISSINGER

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